KPMG

# The JobKeeper Payment Legislation

**Incorporating key fiscal support measures**
announced as of 8 April 2020

April 2020

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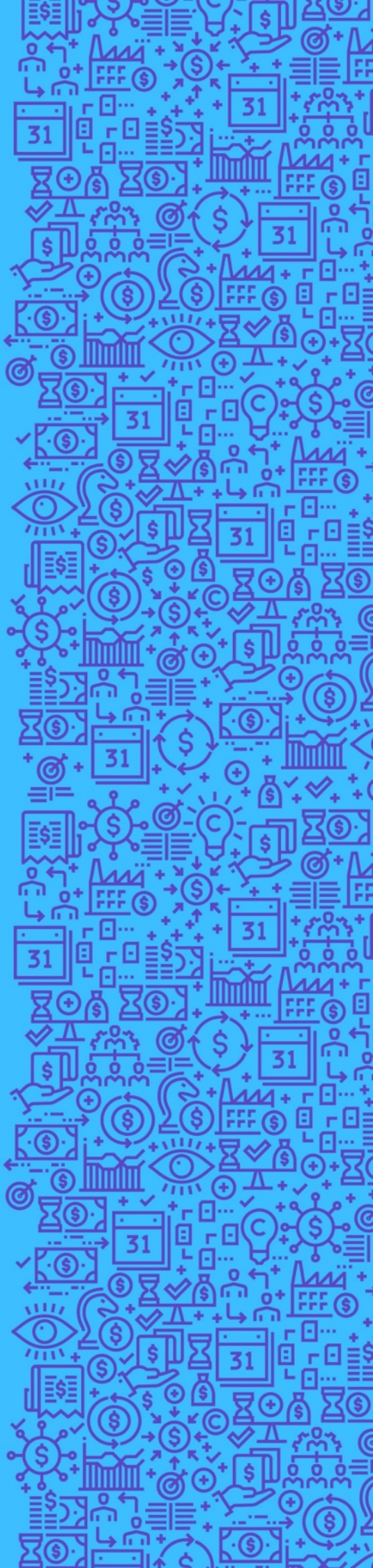

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# Introduction

Today, 8 April, Parliament has passed the legislation to enable JobKeeper payments to flow to employers from the start of May, and the Treasurer has published Rules governing eligibility for the payments, which as of 8pm remain in draft form. This bold plan, expected to cost $130 billion over a six-month period to September 2020, will see an estimated 6.5 million workers receive a minimum payment of $1,500 per fortnight to assist them in bridging the financial challenge caused by COVID-19.

The Federal Government's announcement of the scheme on 30 March left many questions open for employers. In particular, how would they satisfy the test of having at least a 30% or 50% reduction in turnover, if the comparison to the equivalent month or tax period a year ago was not a true reflection of COVID-19's impact? In addition, how would the turnover tests apply in the context of a corporate group?

The draft Rules, assuming no further changes occur, should answer some of these questions precisely – for example, entities in a corporate group would assess their reduction in turnover individually, rather than this being done on a consolidated group basis. However, the global aggregated turnover of the employer entity, its connected entities and affiliates would determine whether the required turnover reduction for each of its constituent entities is 30% or 50%. This would be contrary to what had been expected based on Treasury factsheets.

Some critical issues have been left to the discretion of the Commissioner of Taxation. This is reasonable in the context of the "need for speed" in both announcing the scheme and passing the legislation. Businesses who consider that the comparison to a month or tax period a year ago is not a true measure of the turnover reduction caused by COVID-19 would need to rely on this discretion in order for their JobKeeper application to be accepted.


David Linke

National Managing Partner,
Deals, Tax & Legal

Grant Wardell-Johnson

Partner, Economics & Tax Centre


Each employer must focus immediately on ensuring that it has a system in place for April to make sure that the employees covered by its JobKeeper application receive (in April) at least the necessary $1,500 per fortnight (or equivalent for a monthly pay cycle), backdated to 30 March. This will be a pre-requisite for receiving the subsidy (in arrears) from the Federal Government in early May. Subsequent months will play out in similar fashion.

Changes to the Fair Work Act that form part of this legislative package will enable employers to manage their workforce more flexibly over the next six months, such that employees may stay on the books and qualify for JobKeeper, rather than being retrenched. Reaching agreement on these temporary measures is a credit to all stakeholders.

The JobKeeper scheme is progressive in that it benefits the low-paid or stood-down worker relatively more and is aligned with the notion that members of the community need to support each other along the path to physical and economic recovery. It has a hefty price tag, but the potential to go down in history as value for money.

# Summary of JobKeeper legislation

*Based on Treasury's draft Rules as at 8pm on 8 April 2020.*

## Who is an eligible employer?

Employer entity is eligible if its **GST turnover** for a **turnover test period** of at least one month falls short of the entity's GST turnover for the corresponding period in 2019 by:

- 15% (for certain charities),
- 50% (if the entity's **aggregated turnover** for the current year is likely to exceed $1 billion, or exceeded $1 billion for for the previous income year),
- 30% (for all other cases)

**GST turnover** is broadly as defined for GST purposes, but limited to the employer entity's expected or actual turnover for GST purposes occurring in the turnover test period. GST grouping is disregarded.

A **turnover test period** is a calendar month that ends from March 2020 to September 2020; or a quarter that starts on 1 April 2020 or 1 July 2020.

**Aggregated turnover** is as defined for income tax purposes and includes the ordinary income of connected entities and affiliates (both Australian and foreign).

The entity must carry on a business in Australia or be a non-profit body that pursued its objectives principally in Australia, as of 1 March 2020.

A sole trader, partnership, trust or company with one or more individuals actively engaged in the entity's business (but not as an employee) may be eligible in respect of one such person.

### Ineligible entities

Major Bank Levy payers, a government body or agency and their wholly-owned subsidiaries, a sovereign entity, a company where a liquidator is appointed, an individual where a trustee in bankruptcy has been appointed.

## Who is an eligible employee?

An employee is eligible if:

The person is employed by the employer at any time in the fortnight, and

- on 1 March 2020:
    - was at least 16 years old,
    - an Australian resident for social security purposes or a tax resident subclass 444 visa holder, and
    - was employed full-time, part-time or, casually (a casual must have been with the employer for at least 12 months on a regular and systematic basis), and
    - gives the employer the required notice.

However, an employee is not eligible for a fortnight if the person receives:

- Government parental leave pay for a period which overlaps with the fortnight,
- Dad and partner pay in the fortnight, or
- Certain workers compensation payments in a period overlapping with the fortnight.

### Continuity of employment

The following applies to casual employees in respect of the 12 month requirement, and to permanent employees who have changed employing entity since 1 March 2020. If the previous employer:

- is in the same wholly-owned group as the current employer, or
- carried on the same business now carried on by the current employer, then
- The employee will be regarded as having been an employee of the current employer during the previous employment.

### One payment per individual employee

Two or more employers cannot be entitled to JobKeeper in respect of the same employee.

# Summary of JobKeeper legislation (continued)

*Based on Treasury's draft Rules as at 8pm on 8 April 2020.*

| What is the scope of the ATO's discretion? | What obligations are there? | What does the employer have to do to make a claim and when? |
|---|---|---|
| **Measurement of decline in turnover**<br>If the Commissioner of Taxation (Commissioner) is satisfied that there is no appropriate comparison period for a class of entities he may, by legislative instrument, determine that an alternative decline in turnover test applies to that class of entities.<br><br>**Requirement to pay $1,500 by the end of each fortnight to each employee**<br>The Commissioner may treat a payment as having occurred in a previous fortnight, where this is reasonable for the purposes of applying this condition.<br><br>**Non-employee workers**<br>Employers seeking to receive JobKeeper for a worker who is not an employee (e.g. a sole trader), generally need to have an ABN by 12 March 2020, but the Commissioner can allow a later time.<br><br>**Transitional discretion to pay the subsidy for first 2 fortnights**<br>The Commissioner can choose to pay JobKeeper for the first two JobKeeper fortnights if he is satisfied it is reasonable in the circumstances, even if he is not yet satisfied the entity is eligible. However, the employer could be required to repay the amount if subsequently found to be ineligible.<br><br>**Retention of overpayments**<br>The Commissioner may determine that an employer is not required to repay an overpayment of JobKeeper that the employer has received.<br><br>**Integrity measures**<br>If the Commissioner is satisfied that JobKeeper has become payable under a contrived scheme for the sole or dominant purpose of receiving or increasing JobKeeper payments, he may determine what the employer's entitlement should be (including a nil amount). | • The employer must ensure that each nominated employee receives at least $1,500 pre-tax for each JobKeeper fortnight for which it makes a claim.<br>• Employers who pay monthly will need to adjust this regular payment amount accordingly.<br>• The first JobKeeper fortnight ends on 12 April 2020, and this would be the first payment due date for some employers. The Commissioner has the discretion to treat payment as having been made by 12 April 2020 where reasonable to do so.<br><br>**The tax treatment of the payment**<br>• The JobKeeper amount is taxable income for the employee and the employer must withhold PAYG income tax.<br>• Superannuation contributions are not required on the amount by which JobKeeper exceeds the employee's actual wages for working in that fortnight.<br>• States and Territories are generally yet to finalise their individual positions on the extent to which JobKeeper is taken into account for payroll tax and workers' compensation insurance purposes.<br><br>**When the payment will be received**<br>• The Commissioner must pay the JobKeeper payment no later than the later of<br>• 14 days after the end of the calendar month in which the fortnight ends; or 14 days after the Commissioner is satisfied if the employer is eligible | **To receive the subsidy**<br>Employers are required to:<br>• **Register interest** in the JobKeeper payment on the ATO website. The ATO website indicates that those who register will receive relevant updates.<br>• **Notify the Commissioner** that it wants to participate (in the approved form) by 26 April 2020 if it wants to participate from the commencement of the scheme on 30 March 2020. Otherwise it must notify its participation before the end of the first JobKeeper fortnight for which it wants to participate.<br>• **Obtain a notification from each employee**, confirming the employee's consent to being included in the employer's JobKeeper application.<br>• **Provide details of** eligible employees for each fortnight to the ATO in the approved form. The ATO will use Single Touch Payroll data to assist in this process by pre-population.<br>• **Notify** eligible employees within 7 days of each fortnightly claim for the subsidy.<br>• **Report monthly** to the Commissioner by the 7th of each month on its GST turnover for the previous month, and its projected GST turnover for the coming month. |

# Summary of JobKeeper legislation (continued)

## Amendments to the *Fair Work Act 2009*

As part of the JobKeeper legislation, a number of amendments have been made to the *Fair Work Act 2009* **(FW Act).**

In summary, if an employer qualifies for the JobKeeper scheme (**Eligible Employer)** and receives JobKeeper payments in relation to an employee (**Eligible Employee)**, a number of different rights and obligations will apply. These rights and obligations will allow greater flexibility by enhancing an Eligible Employer's ability to unilaterally change certain working arrangements of Eligible Employees.

Generally, these new provisions do not apply to employers who are not Eligible Employers and employees who are not Eligible Employees (eg. casual employees with less than 12 months service prior to 1 March 2020 and employees who were employed after 1 March 2020). The existing rights and obligations under the FW Act continue to apply to these employers and employees.

| Summary of JobKeeper rights and obligations | Summary of amendments? | What are the implications of these changes? |
|---|---|---|
| **General payment obligations**<br>If an Eligible Employer receives a jobkeeper payment for an Eligible Employee, it must comply with certain payment obligations, in relation to that employee. | Eligible Employers must satisfy the **'wage condition'**, as set out on the previous pages.<br>Eligible Employers must meet a '**minimum payment guarantee'** for each Eligible Employee, by paying, as a minimum, the employee's existing pay for their normal job, or $1,500 (gross) per fortnight, whichever is the greater.<br>These provisions are civil remedy provisions. | Eligible Employees who ordinarily receive less than $1,500 per fortnight will receive this amount, whereas Eligible Employees who receive more than this amount will continue to receive their normal pay. |
| **Jobkeeper enabling directions**<br>In certain circumstances, an Eligible Employers will be entitled to issue specific '**jobkeeper enabling directions'** to Eligible Employees **(jobkeeper directions).**<br>Eligible Employees must comply with valid directions. | A number of general requirements apply for all jobkeeper directions, including that the direction is reasonable, the Eligible Employer reasonably believes that it is necessary to ensure continuing employment, and that the Eligible Employer both consults and provides at least 3 days' written notice of the direction. | Each type of jobkeeper direction (provided it is validly given) will 'override' any existing rights and obligations that deal with the direction, including under a modern award, enterprise agreement or employment contract (defined as '**designated employment provisions')**.<br>All jobkeeper directions will apply until or unless withdrawn or replaced by the employer, varied by the Fair Work Commission (**FWC)**, or until **28 September 2020.** |
| **Jobkeeper enabling stand downs**<br>An Eligible Employer will be entitled to issue a 'jobkeeper enabling stand down direction' to Eligible Employees during a particular period to:<br>• Not work on days on which the employee would usually work;<br>• Work fewer hours on days that the employee would usually work; or<br>• Work overall a reduced number of hours (including not work at all). | A number of specific requirements apply for these stand downs, including that the Eligible Employee cannot be usefully employed for their normal days or hours of work because of changes to business attributable to the COVID-19 pandemic or the Government initiatives regarding COVID-19.<br>During a jobkeeper enabling stand down period, an Eligible Employer will also be required to meet an **'hourly rate of pay guarantee'** by paying at least the same hourly rate that the Eligible Employee would have received, on a pro rata basis.<br>This provision is a civil remedy provision. | The right to issue a jobkeeper enabling stand down direction is separate to the existing stand down right in the FW Act, and will apply in a broader range of circumstances.<br>If an Eligible Employer does reduce an Eligible Employee's hours, it will need to monitor that the employee continues to receive their normal rate of pay on a pro-rata basis. |

# Summary of JobKeeper legislation (continued)

| Summary of JobKeeper rights and obligations | Summary of amendments? | What are the implications of these changes? |
|---|---|---|
| **Non-stand down jobkeeper directions**<br>The non-stand down directions are as follows:<br>• A direction to perform any duties during a period that are within the Eligible Employee's skill and competency; and<br>• A direction to perform duties during a period at a different location than the Eligible Employee's normal place of work (including the employee's home). | A number of specific requirements apply to these directions, including:<br>• For directions as to duties, that they are safe to perform, that the Eligible Employee has any licence/qualification necessary to perform the duties, and that they are within the scope of the Eligible Employer's business operations; and<br>• For directions as to location, that the place of work is safe and suitable for the duties, and any travel is not unreasonable.<br>An 'hourly rate of pay guarantee' also applies to directions to perform different duties. | An important issue for Eligible Employers will be if an Eligible Employee is directed to perform duties that would take them outside of the coverage of an applicable modern award or enterprise agreement.<br>Eligible Employers will need to understand any potential change in coverage to ensure that they do not inadvertently trigger an underpayment of wages when different duties are performed, given the hourly rate of pay guarantee. |
| **Rights to request certain changes**<br>An Eligible Employer can request certain changes to an Eligible Employee's employment arrangements, including in relation to days or times of work and taking annual leave.<br>An Eligible Employee must not unreasonably refuse such a request. | These rights to request are not conditional on the same specific requirements as the jobkeeper directions, however a number of specific requirements apply, including that:<br>• Any request to change days or times of work must be safe and reasonably within the scope of the Eligible Employer's business operations; and<br>Any Eligible Employee requested to take annual leave must retain a balance of at least 2 weeks. | Like the jobkeeper directions, the right to make these requests (and any agreement reached regarding a request) will 'override' any existing rights and obligations to the contrary under any designated employment provisions. |
| **Employee rights to make certain requests**<br>An Eligible Employee can request secondary employment, or request to receive additional training or professional development. | If an Eligible Employee is subject to a jobkeeper enabling stand down direction, they can ask their employer for permission to engage in reasonable secondary employment, or to receive additional training or professional development.<br>The Eligible Employer must consider the request and must not unreasonably refuse such requests.<br>This provision is a civil remedy provision. | These requests (i.e. requesting to undertake secondary employment, or requesting to receive additional training or professional development) can be made separately.<br>Whether a request is unreasonable will depend on the circumstances but factors such as cost and relevance to the business are likely to be relevant. |
| **Other amendments**<br>A number of ancillary amendments have been made to support the jobkeeper provisions, including providing the FWC with arbitration powers regarding any disputes over a jobkeeper direction. | • The period that a jobkeeper direction is in place will count as service and leave under the FW Act will accrue during this period.<br>• The FWC has specific powers to arbitrate disputes regarding these amendments, including to make orders to vary, revoke or enforce any jobkeeper directions.<br>• A new penalty provision now exists, prohibiting an Eligible Employer from giving a jobkeeper direction that it knows is not authorised under the FW Act.<br>A jobkeeper enabling stand down direction does not apply to an Eligible Employee during a period of paid or unpaid leave that is authorised by the employer, or where the employee is otherwise authorised to be absent form work. | |

# Commercial Leasing Principles


Kate Marshall

Partner, Deals, Tax & Legal


On 7 April, 2020 the Prime Minister announced measures to provide rent relief for certain commercial tenants covering the COVID-19 pandemic period and a reasonable subsequent recovery period via a mandatory Code of Conduct (the Code).

## Summary

The measure would be implemented through State/Territory legislation and/or regulation. The Code would commence from a date after 3 April 2020 to be determined by each jurisdiction, and run for the period during which the Commonwealth JobKeeper program remains operational (which is currently to 27 September 2020).

The Code would impose a set of leasing principles for application to certain commercial tenancies (including retail, office and industrial). It would be supported by State/Territory based Industry Code Administration Committees made up of landlord, tenant and State/Territory representatives.

The Code would apply to commercial owners/operators/other landlords and qualifying commercial tenants. Key features of a qualifying commercial tenant include that it would have group annual turnover of less than $50 million and be eligible for the JobKeeper program. This means that going forward we will have three categories of tenancy. These are: (1) residential, where it is expected that some State/Territory regulation on rent relief will occur; (2) commercial – covered by the Code; and (3) other commercial, where governments would like to see the Code's principles being followed, without it being mandatory.

Both landlords and tenants will also have to consider tax and accounting issues that may flow from any re-negotiated terms under the auspices of the Code.

## Commercial leases impacted

The Code's principles will apply to negotiating amendments in good faith to existing leasing arrangements between owners/operators/other landlords and tenants, where the tenant is an 'eligible business' for the purpose of the Commonwealth Government's JobKeeper programme.

The Code also states that it should nevertheless 'apply in spirit' to all leasing arrangements for affected businesses, having fair regard to the size and financial structure of those businesses.

The scope of potentially impacted commercial landlords appears very broad, and seems to include all types of property owners undertaking commercial leases (including non-residents, individuals, superannuation funds, related party lessor/lessee arrangements as well as State/Territory Agency lessors.

The ramifications of the Code on lease/sub-lease arrangements is not clear.

**A qualifying commercial tenant is:**

- a business (which appears to include a not-for-profit organisation) that satisfies the Code's annual turnover threshold (up to $50 million) and is an 'eligible business' under the JobKeeper legislation;
- is suffering financial stress or hardship (FS&H) as a result of the COVID-19 pandemic; in which case
- the underpinning principle is that there would be a proportion of rent relief by reference to the business' decline in turnover (discussed below); while still allowing
- tenants and landlords to agree to some bespoke and appropriate temporary arrangements that take account of their particular circumstances.

**FS&H is defined in the Code as including:-**

- an individual, business or company's inability to generate sufficient revenue as a direct result of the COVID-19 pandemic that causes the tenant to be unable to meet its financial and/or contractual (including retail leasing) commitments;
- tenants that are below the Code's annual $50 million turnover threshold and which are also eligible for the JobKeeper payment ("SME tenants") are automatically considered to be in FS&H.

# Commercial Leasing Principles (continued)

The Code states that the $50 million annual turnover threshold will be applied in respect of franchises at the franchisee level, and in respect of retail corporate groups at the group level (rather than at the individual retail outlet level). Separate turnover thresholds and reduction tests apply for the JobKeeper program, and the business would also need to meet these to fall within the ambit of the Code.

**An example of the application of the principle of proportionality is as follows:**

- A qualifying tenant experiencing a 60% loss in turnover from the COVID-19 crisis should be expected to receive a 60% rent relief outcome; and
- Other leasing principles (discussed below) would mandate that

i) At least half of this relief is provided as rent waiver; and

ii) Up to half could be through a rent deferral, with this to be recouped over at least 24 months (but in a manner that is negotiated by the parties)

## The Code's principles

The intention is that landlords will agree tailored and appropriate temporary arrangements for each SME tenant.

**Eleven overarching principles cover:**

- Common interest to ensure business continuity;
- Requirement to negotiate;
- Good faith;
- Transparency, including provision of sufficient and accurate information;
- Agreed arrangements will take into account the COVID-19 impacts on the tenant, with specific regard to its revenue, expenses, and profitability;
- Assist each other with other stakeholders including governments, utility companies and financial institutions in order to achieve outcomes consistent with the objectives of this Code;
- All premises and their commercial arrangements are different therefore a collective industry position is not possible. Application, constraints and the spirit of the *Competition and Consumer Act* is recognised;
- The landlord already bears the rent default risk. The landlord must therefore not seek to permanently mitigate this risk in negotiating temporary arrangements;
- Consider factors such as whether the lease has expired or will soon; and whether the tenant is in administration or receivership;
- Additional factors to consider: Leases have different structures, periods and mechanisms for determining rent. Leases may already be in arrears, or have expired and be in 'hold-over';
- Due regard should be given to whether the tenant is in administration or receivership, and the application of the Code modified accordingly.

**Fourteen leasing principles cover:**

1. Landlords must not terminate leases due to non-payment of rent during the COVID-19 pandemic period (PP) or reasonable subsequent recovery period (RP).
2. Tenants must remain committed to lease terms, subject to any re-negotiation under the Code. Material failure to abide by substantive terms will forfeit any protections.
3. Landlords must offer tenants proportionate reductions in rent in the form of rent waivers and rent deferrals of up to 100% of the amount ordinarily payable, on a case-by-case basis, based on the reduction in the tenant's trade during the PP and RP.
4. Rental waivers must constitute not less than 50% of the total reduction in rent payable under principle #3 above over the PP. Tenants may agree to disregard the requirement for a 50% minimum waiver.
5. Rental deferrals must be amortised over the greater of the balance of the lease term and a period of at least 24 months, unless otherwise agreed by the parties.
6. Any reduction in statutory charges (e.g. land tax, council rates) or insurance will be passed on to the tenant in the appropriate proportion applicable under the terms of the lease.
7. A landlord should seek to share proportionately with the tenant any benefit it receives due to deferral of loan repayments provided by a financial institution as part of the Australian Banking Association's COVID-19 response, or any other case-by-case deferral of loan repayments.
8. Landlords should where appropriate waive recovery of other expenses/outgoings payable by a tenant during the period the tenant is not able to trade. Landlords reserve the right to reduce services as required in such circumstances.
9. If negotiated arrangements under this Code necessitate repayment, this should occur over an extended period. No repayment should commence until the earlier of the PP ending or the existing lease expiring, and taking into account a RP.

# Commercial Leasing Principles (continued)

10. No fees, interest or charges should be applied with respect to rent waived in principles #3 and #4 above and no fees, charges nor punitive interest may be charged on rent deferrals in principles #3, #4 and #5 above.
11. Landlords must not draw on a tenant's security for the non-payment of rent during the period of the PP and/or a RP.
12. The tenant should be provided with an opportunity to extend its lease for an equivalent period of the rent waiver and/or deferral period. This is intended to provide the tenant additional time to trade, on existing lease terms, during the RP.
13. Landlords agree to a freeze on rent increases (except for retail leases based on turnover rent) for the duration of the PP and a RP.
14. Landlords may not apply any prohibition or levy any penalties if tenants reduce opening hours or cease to trade due to the COVID-19 pandemic.

## Binding arbitration

Where landlords and tenants cannot reach agreement on leasing arrangements the matter should be referred to applicable state or

territory retail/commercial leasing dispute resolution processes for binding mediation. Landlords and tenants must not use mediation processes to prolong or frustrate the facilitation of amicable resolution outcomes.

## Conclusion

This now moves to the State / Territory governments to legislate provisions that will implement the Code in their jurisdiction. It is possible that in some jurisdictions the changes to the law may go beyond the Code. There may also be State / Territory legislation which impacts the residential sector and larger commercial tenants.

It can be expected that governments will urge landlords and tenants who are not specifically covered by the Code, or by broader State/ Territory legislation, to follow the spirit of the Code in their dealings with one another.

# Total value of economic support measures

| Measure | $Bn |
|---|---|
| **Balance Sheet Support (RBA and Federal Government)** | |
| RBA – Banks funding $90 billion at 0.25% to lend to businesses | 90.0 |
| AOFM – markets used by smaller lenders | 15.0 |
| SME Guarantee Scheme for 50% loans with banks | 20.0 |
| **SUBTOTAL** | **125.0** |
| **Fiscal Support (Federal Government)** | |
| Wage subsidy for employers of $1,500 per fortnight per employee | 130.0 |
| Boosting cashflow for SMEs / Supporting apprentices & trainees | 33.1 |
| Coronavirus JobSeeker supplement ($550 per fortnight) / Household support to social security recipients | 22.9 |
| Increasing instant asset write-off / Accelerated depreciation | 3.9 |
| Other (inc. two health packages, aged care support, support for regions and aviation industry) | 9.4 |
| **SUBTOTAL** | **199.3** |
| **State Government Support (mix of fiscal and balance sheet)** | |
| SUBTOTAL (Including waivers and deferals of payroll tax, grants and health funding packages) | 16.2 |
| **TOTAL FEDERAL AND STATE SUPPORT** | **340.5** |

# Quick guide to eligibility for support measures

*Based on Treasury's draft Rules as at 8pm on 8 April 2020.*

| | | Eligibility based on turnover | | | |
|---|---|---|---|---|---|
| **Support measure** | **Threshhold type** | **$1 billion or more** | **$500 million up to $1 billion** | **$50 million up to $500 million** | **Up to $50 million** |
| **JobKeeper** | *Aggregated annual turnover | Entity must show 50% reduction in GST turnover* | Entity must show 30% reduction in *GST turnover | Entity must show 30% reduction in *GST turnover | Entity must show 30% reduction in *GST turnover |
| **Instant Asset Write-off** | *Aggregated annual turnover | No | No | Yes | Yes |
| **+50% year 1 depreciation** | *Aggregated annual turnover | No | No | Yes | Yes |
| **Cash Flow Boost** | *Aggregated annual turnover | No | No | No | Yes |
| **Loan guarantee** | Business' annual turnover | No | No | No | Yes |
| ***Definitions** | | | | | |
| **Entity's GST turnover** | JobKeeper turnover reduction is calculated on a per-entity basis, based on comparing an entity's projected / current GST turnover for a turnover test period (of one month or a quarter) with the equivalent period in 2019. The size of the reduction needed to be shown depends on the entity's aggregated turnover, described below, except for not-for profits who only need to demonstrate a turnover reduction of 15%.<br>An entity's projected or current GST turnover for a turnover test period will be limited to include the sum of its own taxable and GST-free supplies occurring in that test period. | | | | |
| **Aggregated annual turnover** | Defined in section 328-115 ITAA 1997. Broadly includes affiliate and connected-entity inclusive global turnover. This would exclude amounts derived from associates. Here turnover means ordinary income derived in the ordinary course of carrying on a business, not accounting turnover. | | | | |
| **Business' annual turnover** | Turnover of the applicant business. | | | | |

# Contact us

## KPMG Leadership


**Chief Executive Officer**
**Gary Wingrove**
+61 2 9335 8225
gwingrove@kpmg.com.au

**National Chair**
**Alison Kitchen**
+61 3 9288 5345
akitchen@kpmg.com.au

**Deal, Tax & Legal**
**David Linke**
+61 2 9335 7695
davidlinke@kpmg.com.au

**Audit, Assurance & Risk Consulting**
**Andrew Yates**
+61 2 9335 7545
ajyates@kpmg.com.au

**Management Consulting**
**Ian Hancock**
+61 2 9335 8161
ianhancock@kpmg.com.au

**KPMG Enterprise**
**Paul Howes**
+61 2 9346 6073
paulhowes@kpmg.com.au


## Deals Tax and Legal Leadership


**Corporate Tax Services**
**Carlo Franchina**
+61 8 9263 7239
cfranchina@kpmg.com.au

**Deal, Tax & Legal**
**Len Nicita**
+61 2 9335 7888
lennicita@kpmg.com.au

**Tax Technology & Innovation**
**Mathew Herring**
+61 3 9288 6845
mherring@kpmg.com.au

**Tax Compliance – Delivery & Data Excellence**
**Justin Davis**
+61 2 9335 8854
jcdavis@kpmg.com.au

**International Tax**
**Frank Putrino**
+61 3 9838 4269
fputrino@kpmg.com.au

**People Services**
**Ben Travers**
+61 3 9288 5279
btravers1@kpmg.com.au

**Tax Dispute Resolution & Controversy**
**Angela Wood**
+61 3 9288 6408
angelawood@kpmg.com.au

**Economics & Tax Centre**
**Grant Wardell-Johnson**
+61 2 9335 7128
gwardelljohn@kpmg.com.au

**Economics & Tax Centre**
**Brendan Rynne**
+61 3 9288 5780
bjrynne@kpmg.com.au

**Restructuring Services**
**James Stewart**
+61 3 8667 5728
jhstewart@kpmg.com.au

**Restructuring Services**
**Matt Woods**
+61 8 9263 7515
mwoods1@kpmg.com.au

**Legal Services**
**Kate Marshall**
+61 3 9288 5767
katemarshall@kpmg.com.au


## Industry Leadership


**Corporates**
**Trent Duvall**
+61 2 9335 8871
tduvall@kpmg.com.au

**Energy & Natural Resources**
**Cassandra Hogan**
+61 2 9455 9642
cjhogan@kpmg.com.au

**Financial Services**
**Daniel Knoll**
+61 2 9455 9148
danielknoll@kpmg.com.au

**Infrastructure, Government & Health**
**Paul Low**
+61 7 3233 9771
plow@kpmg.com.au